

Stanbic IBTC Bank

Financial results presentation

for the nine months ended 30 September 2011



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- ❑ Financial analysis
- ❑ Business unit analysis
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This presentation is based on the consolidated financial statements of Stanbic IBTC Bank PLC and its subsidiaries (herein referred to as "Group"). All financial results in this presentation are presented using Nigerian GAAP (Generally Accepted Accounting Principles), unless otherwise indicated as being on an IFRS (International Financial Reporting Standards) basis.

The operating environment

Sola David-Borha
CEO



Operating environment

Market was impacted by:

- Further Monetary Policy tightening by the Central Bank;
- Relative stability in international crude oil prices and domestic oil production levels;
- Improved confidence in the money market as a result of the extension of the Central Bank of Nigeria interbank guarantee until end December 2011;
- Moderate depreciation in exchange rate in the latter part of Q3 2011;
- Growth in private sector credit in Q3 2011 and continued competition for good quality risk assets;
- Continued bearish trend in the capital markets; and
- Rapidly changing regulatory environment.

Results reflect the following:

- Continued growth in risk assets and deposit liabilities;
- Considerable improvement in deposit mix.
- Increased transactional volumes and activities, a function of our expanded footprint;
- Increasing cost of funding due to monetary policy tightening;
- Reduced revenues from our capital market related businesses as a result of the bearish market;
- Growth in trading revenue;
- Continued investment in infrastructure albeit at a slower pace; and
- Diversified business, strong capital and liquidity positions.

Financial analysis

Ronald Pfende
CFO



Performance highlights

Profit & loss:

- Gross earnings; up by 21% to N49.6 billion
- Net interest income; up by 12% to N22.7 billion
- Non - interest revenue; up by 36% to N20.2 billion
- Operating expenses; up by 24% to N30.8 billion
- Profit before tax; up by 9% to N11.0 billion
- Profit after tax; up by 10% to N7.9 billion

Balance sheet:

- Gross loans & advances of N246.7 billion (December 2010: N187.1 billion)
- Deposit liabilities of N228.1 billion (December 2010: N186.5 billion)
- Total assets of N488.8 billion (December 2010: N384.5 billion)

Key ratios:

- Net interest margin 6.2% (September 2010: 6.9%)
- Cost-to-income ratio 71.8% (September 2010: 70.4%)
- Annualised pre tax return on average equity 17.5% (September 2010:16.5%)
- Annualised pre-tax return on average assets 3.4% (September 2010: 3.6%)

Key ratios:

- NPL/total loans 6.2% (December 2010: 7.6%)
- Credit loss ratio 0.5% (December 2010: 0.3%)
- Liquidity ratio 53.8% (regulatory minimum :30%)
- Capital adequacy 23.2% (statutory minimum: 10%)
- Price to book 2.0x (December 2010: 2.0x)

Summarised group income statement

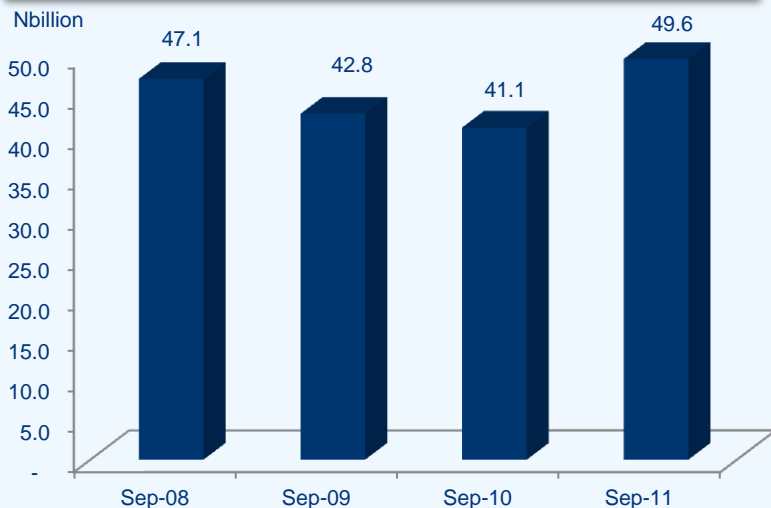
	September 2011 Nmillion	change %	September 2010 Nmillion
Interest income	29,107	12	26,011
Interest expense	(6,375)	13	(5,652)
Net interest income	22,732	12	20,359
Non interest revenue:	20,222	36	14,839
Fee & commission income	15,636	22	12,857
Trading income	4,173	>100	1,838
Other income	413	>100	144
Operating income	42,954	22	35,198
Less: Credit impairment charges	(1,151)	>100	(370)
Operating expenses	(30,828)	24	(24,775)
Profit before tax	10,975	9	10,053
Tax	(3,093)	8	(2,872)
Profit after tax	7,882	10	7,181

Group income statement quarterly analysis

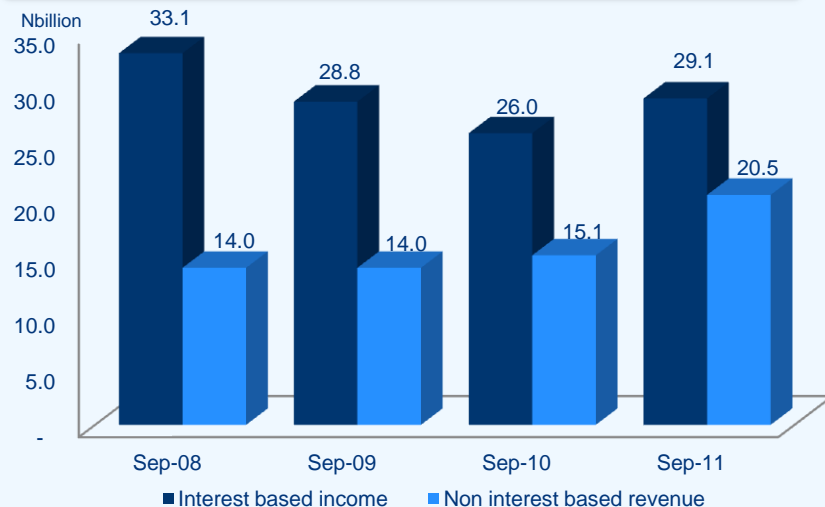
	Q3 2011 Nmillion	Q2 2011 Nmillion	Q1 2011 Nmillion
Interest income	9,752	10,205	9,150
Interest expense	(1,933)	(2,322)	(2,120)
Net interest income	7,819	7,883	7,030
Non interest revenue:	7,554	6,664	6,004
Fee & commission income	5,389	5,334	4,913
Trading income	2,156	1,132	885
Other income	9	198	206
Operating income	15,373	14,547	13,034
Less: Credit impairment charges	(923)	(663)	435
Operating expenses	(10,092)	(10,890)	(9,846)
Profit before tax	4,358	2,994	3,623
Tax	(1,208)	(847)	(1,038)
Profit after tax	3,150	2,147	2,585

Revenue evolution

Gross revenue

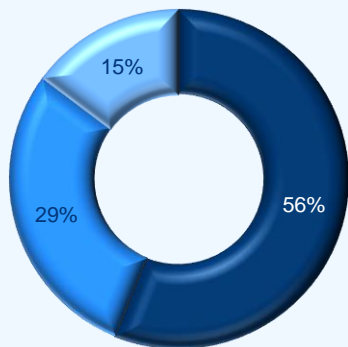


Component of gross revenue

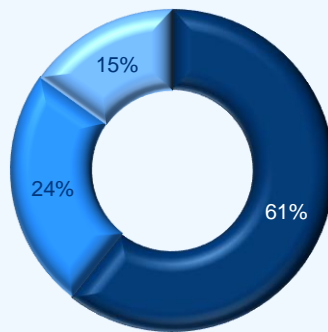


Gross revenue by business segment

September 2011



September 2010



■ Corporate & Investment Banking ■ Personal & Business Banking ■ Wealth

Comments

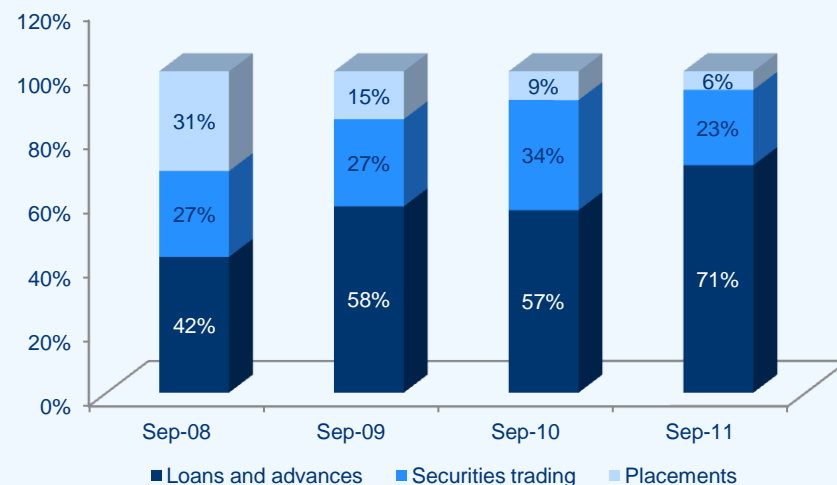
- Gross revenue grew by 21% year-on-year on the back of 12% growth in interest income and 36% growth in non-interest revenue.
- Increased contribution to gross revenue by Personal & Business Banking from 24% in September 2010 to 29% in September 2011 attributable to increased transaction volumes and activities, a function of our increased footprint.

Revenue evolution

Interest income

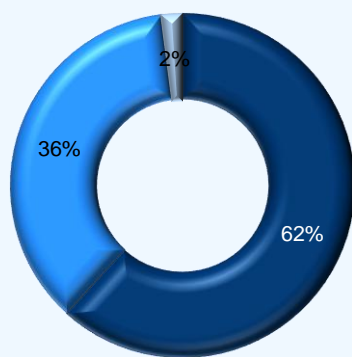


Breakdown of interest income

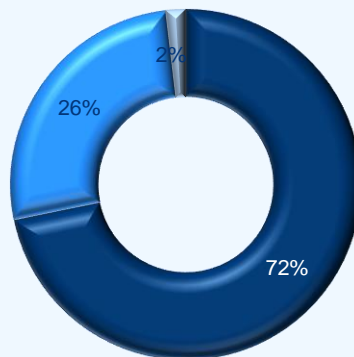


Interest income by business segment

September 2011



September 2010



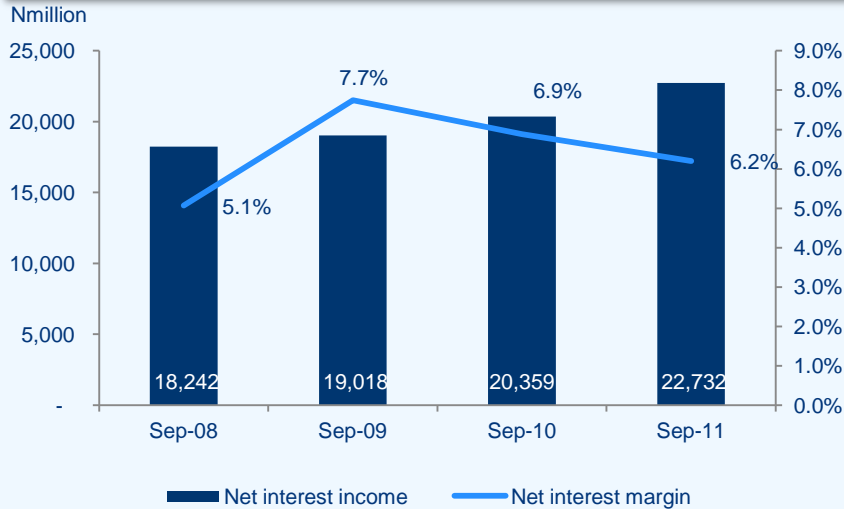
■ Corporate & Investment Banking ■ Personal & Business Banking ■ Wealth

Comments

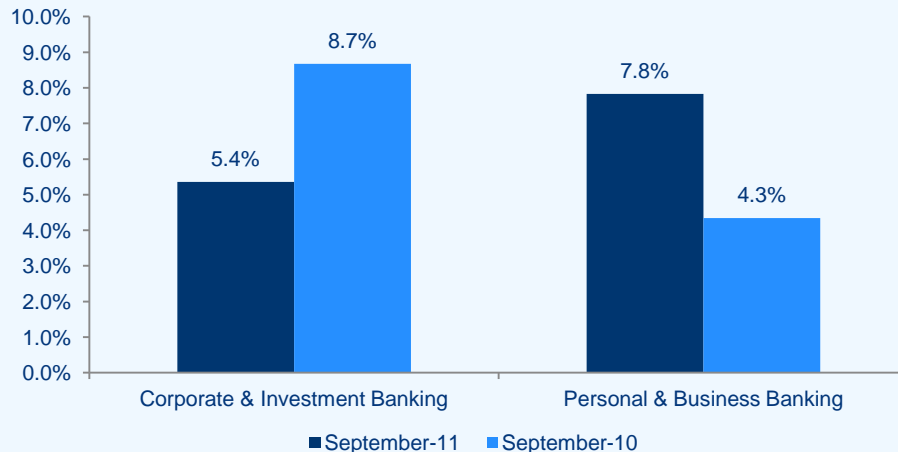
- Interest income witnessed a 12% growth year-on-year benefitting from growing loan book as well as increase in investment income but adversely impacted by reduced income from interbank placement .
- Significant contribution to interest income by lending activities, accounting for 71% of interest income .
- Increased contribution to interest income by Personal and Business banking business segment from 26% to 36% attributable to 54% growth in loan book.

Revenue evolution

Net interest income and interest margin



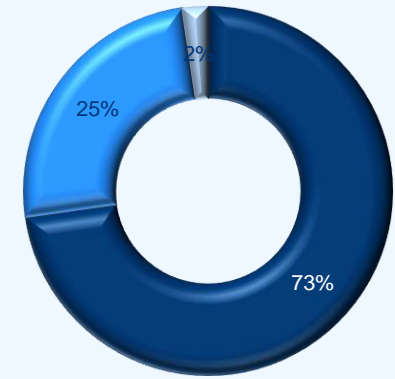
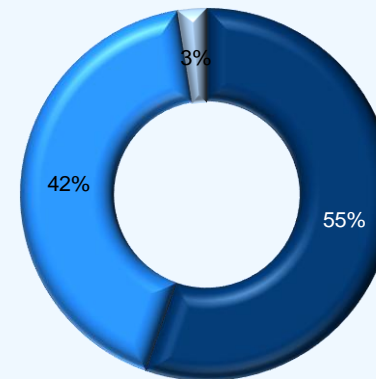
Net interest margin by business segment



Net interest income by business unit

September 2011

September 2010



■ Corporate & Investment Banking ■ Personal & Business Banking ■ Wealth

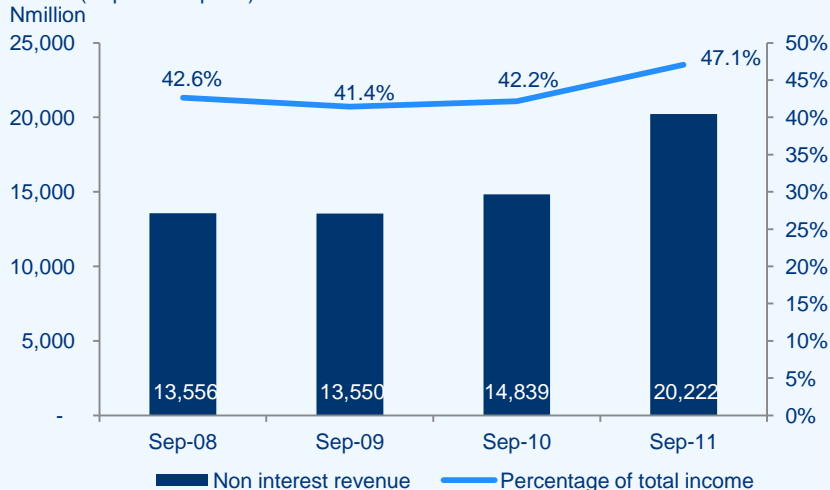
Comments

- Increasing funding costs due to monetary policy tightening.
- Margin reduced to 6.2% on the back of increased competition in lending, resulting in inability to fully offset cost of funding increases especially in the corporate segment.
- Considerable improvement in margin in Personal and Business Banking business due to ability to transmit cost of funding increases in that market segment and improvement in deposit mix.

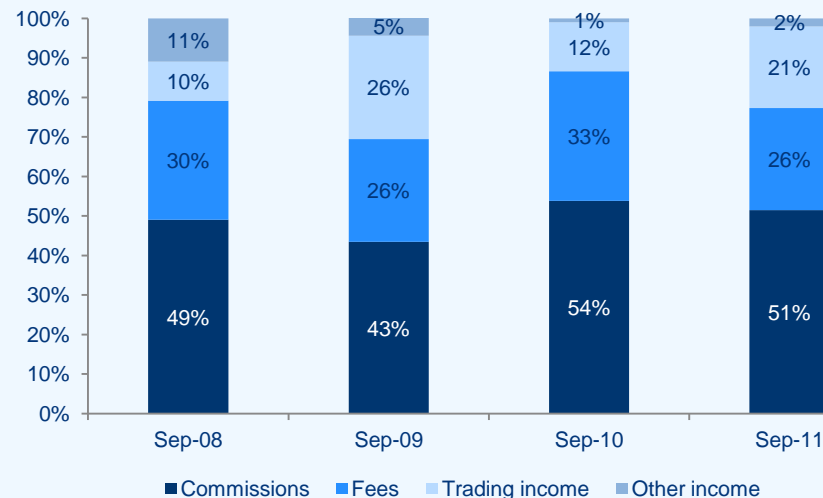
Revenue evolution

Non-interest revenue

CAGR (Sept 08- Sept 11): 14%

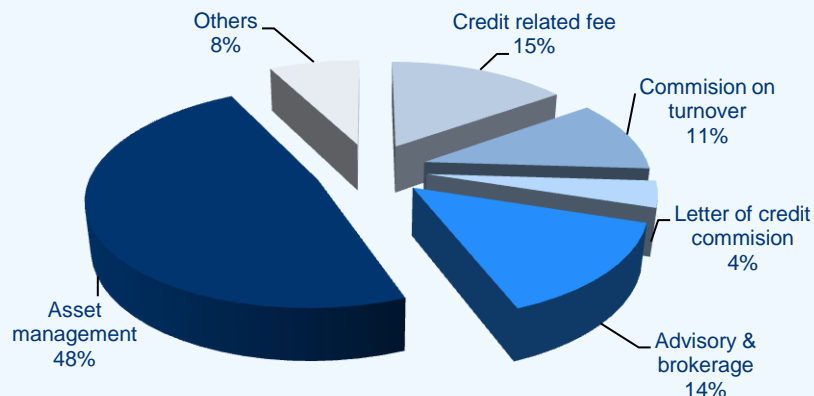


Component of non-interest revenue



Non-interest revenue by business segment

September 2011



Comments

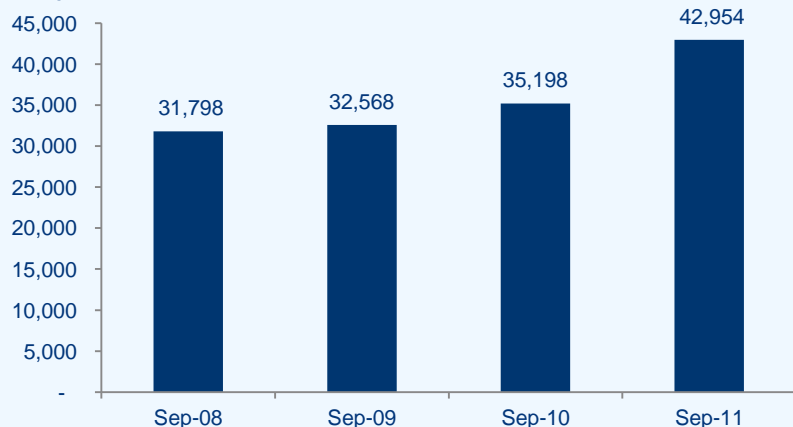
- Non-interest revenue growth of 36% year-on-year is driven by increased transactional volumes and value per transaction, a function of our expanded footprint, our ability to structure foreign exchange related solutions for our corporate clients and steady growth within our wealth business.
- Non-interest revenue was adversely affected by the bearish trend of the capital markets in the last two quarters of 2011.
- Corporate & Investment banking and Personal & business banking segments contribution to non-interest revenue grew in September 2011 when compared to September 2010, as transactions volumes increased.

Revenue evolution

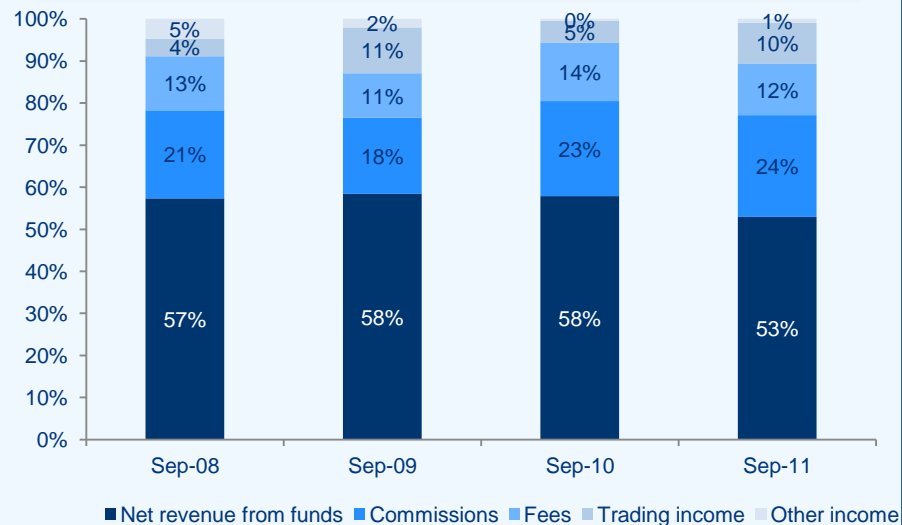
Total operating income

CAGR (Sep 08- Sep11): 11%

Nmillion

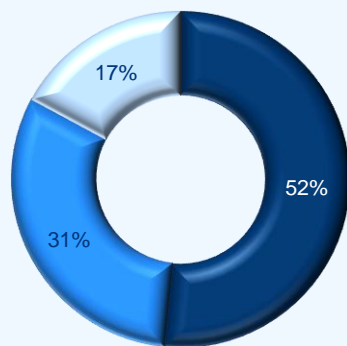


Breakdown of operating income

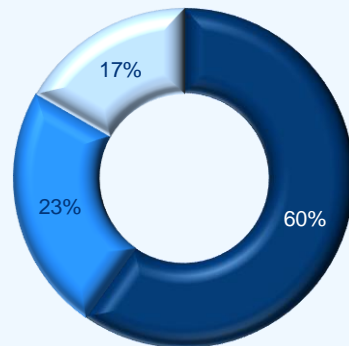


Total operating income by business unit

September 2011



September 2010



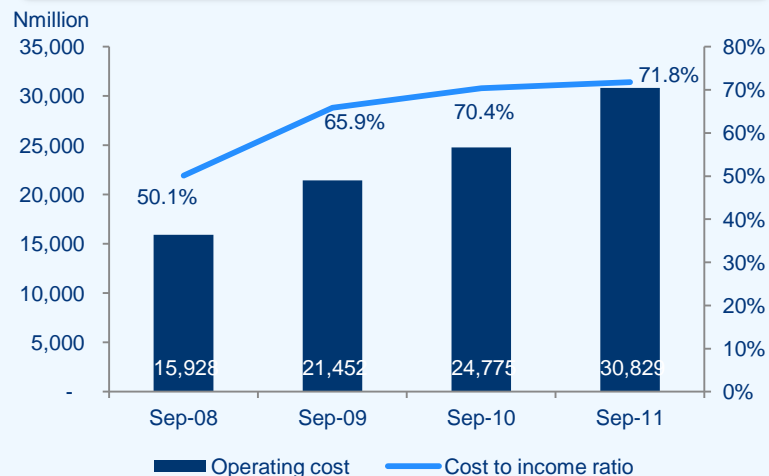
■ Corporate & Investment Banking ■ Personal & Business Banking ■ Wealth

Comments

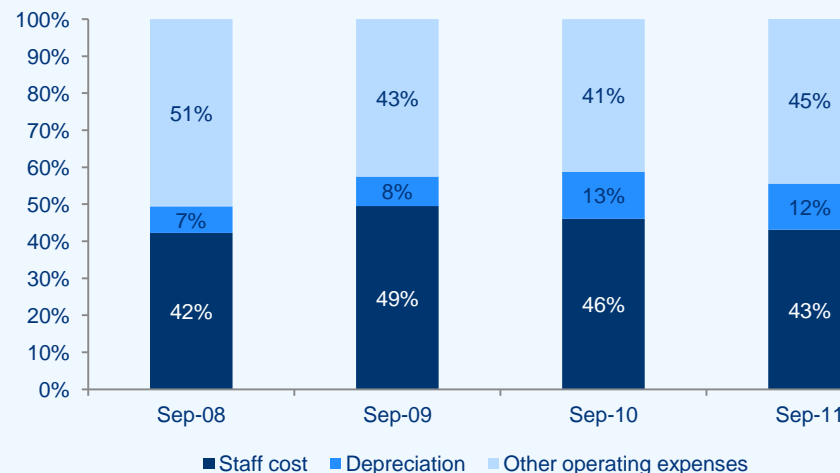
- Operating income recorded a 22% growth with lending activities contributing more than half of total operating income.
- Significant growth in trading revenue positively impacted operating income positively.
- Increased contribution to interest income by Personal & Business Banking business segment as volume of transactions and activities grew as a result of expanded network

Expenses evolution

Operating costs



Breakdown of operating costs



Operating cost breakdown

	Sept. 2011 Nmillion	change %	Sept. 2010 Nmillion
Staff cost	13,296	16	11,417
Depreciation	3,832	22	3,151
Premises	3,963	48	2,672
AMCON fund	838		0
Other operating cost	8,899	18	7,535
Total operating cost	30,828	24	24,775

Comments

- Pressure on cost consistent with investment for future growth. 23 new branches were opened in the first nine months of 2011 bringing the total to 164.
- Substantial growth in depreciation and premises related costs due to investment in infrastructure.
- Cost-to-income ratio has stabilised as revenue capacity of our branches starts to grow.
- Continued focus on cost and operational efficiency as earnings capacity remained constrained in a challenging operating environment.

Summarised group balance sheet

	September 2011 Nmillion	Change %	December 2010 Nmillion
Assets			
Cash and balances with central banks	13,127	31	10,048
Treasury bills	27,235	>100	12,428
Due from other banks	86,910	(2)	88,659
Loans and advances	215,454	31	163,952
Advances under finance lease	22,499	67	13,502
Investment securities	75,850	59	47,585
Other assets	17,889	5	17,115
Property and equipment	29,787	(5)	31,252
Total assets	488,751	27	384,541
Liabilities			
Customer deposits	228,147	22	186,466
Due to other banks	86,438	54	56,152
Other borrowings	23,333	28	18,272
Other liabilities	60,751	77	34,328
Current income tax	4,921	17	4,197
	403,590	35	299,415
Equity			
Share capital	9,375	-	9,375
Reserves	74,144	-	74,375
Shareholders' funds	83,519	-	83,750
Non-controlling interest	1,642	19	1,376
Liabilities and equity	488,751	27	384,541

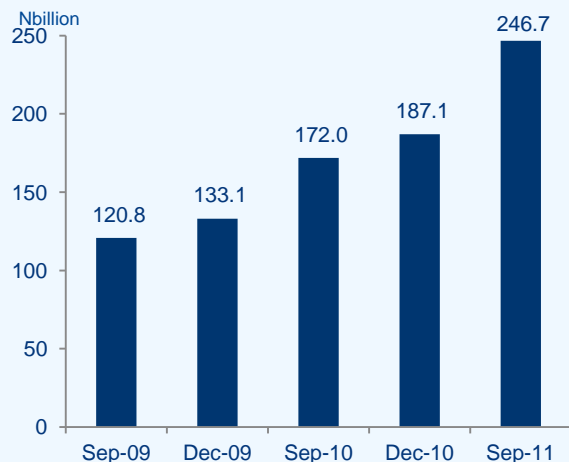
Group balance sheet quarterly analysis

	September 2011 Nmillion	June 2011 Nmillion	March 2011 Nmillion	December 2010 Nmillion
Assets				
Cash and balances with central banks	13,127	46,654	17,379	10,048
Treasury bills	27,235	10,716	9,321	12,428
Due from other banks	86,910	30,585	75,110	88,659
Loans and advances	215,454	194,593	186,082	163,952
Advances under finance lease	22,499	19,722	14,778	13,502
Investment securities	75,850	76,810	78,577	47,585
Other assets	17,889	15,337	18,167	17,115
Property and equipment	29,787	30,542	32,271	31,252
Total assets	488,751	424,959	431,685	384,541
Liabilities				
Customer deposits	228,147	212,219	234,803	186,466
Due to other banks	86,438	55,201	30,822	56,152
Other borrowings	23,333	23,319	20,484	18,272
Other liabilities	60,751	46,915	52,819	34,328
Current income tax	4,921	5,224	5,363	4,197
	403,590	342,878	344,291	299,415
Equity				
Share capital	9,375	9,375	9,375	9,375
Reserves	74,144	71,332	76,695	74,375
Shareholders' funds	83,519	80,707	86,070	83,750
Non-controlling interest	1,642	1,374	1,324	1,376
Liabilities and equity	488,751	424,959	431,685	384,541

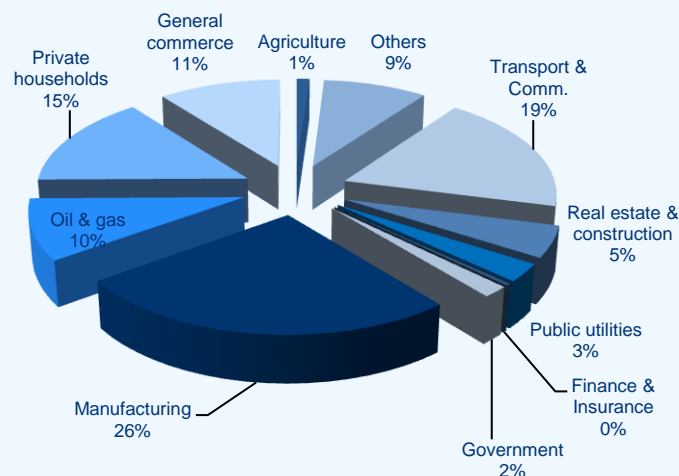
Balance sheet analysis: loans and advances

Gross loans and advances

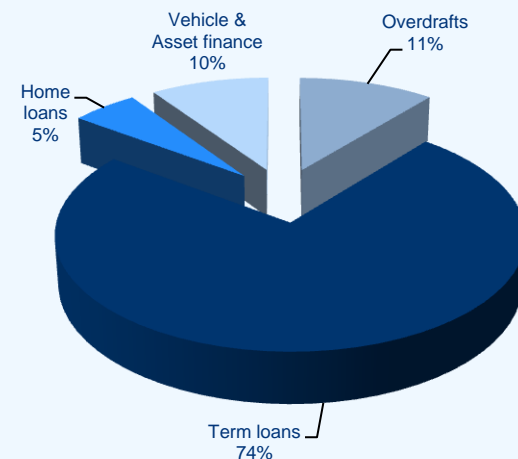
CAGR (Sept 09- Sept 11): 20%



Loans and advances by industry



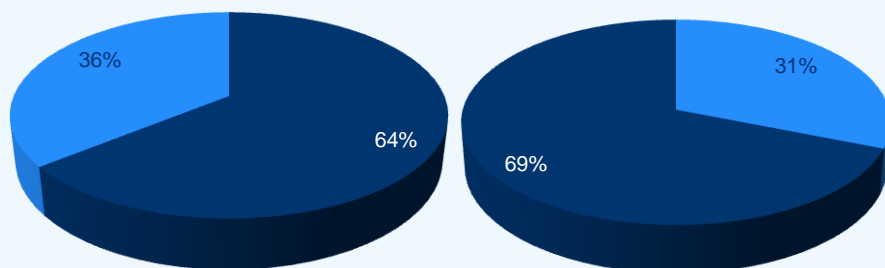
Loans and advances by type



Loans and advances by business segment

September 2011

December 2010



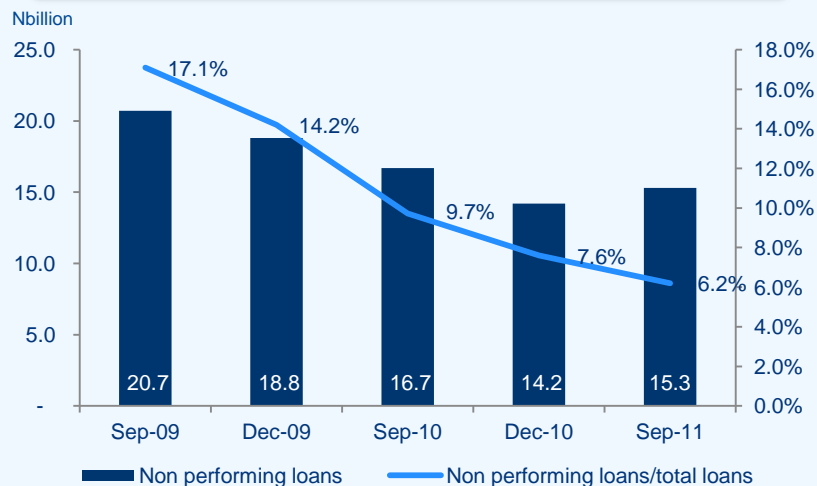
■ Corporate & Investment Banking ■ Personal & Business Banking

Comments

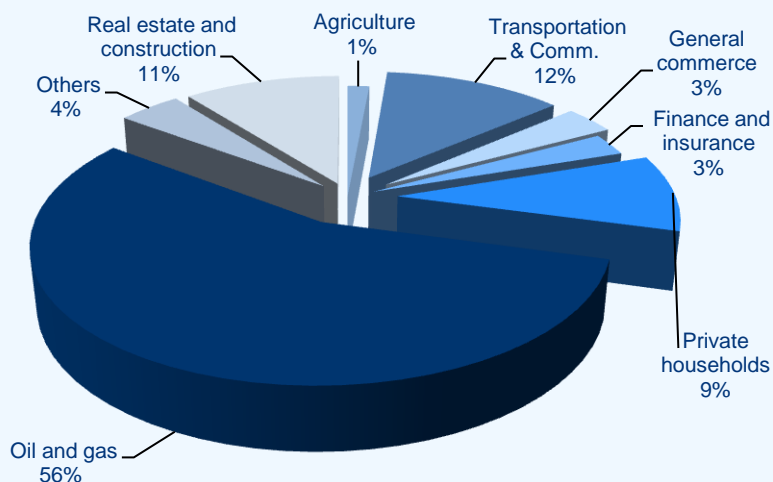
- Continued growth in loan book despite increased competition for quality credit. Loan book was up by 32% in first nine months of 2011.
- Loan growth was achieved without compromising credit risk management principles.
- Increased contribution to total loan portfolio by Personal and Business banking business segment

Loans and advances performance

Non-performing loans



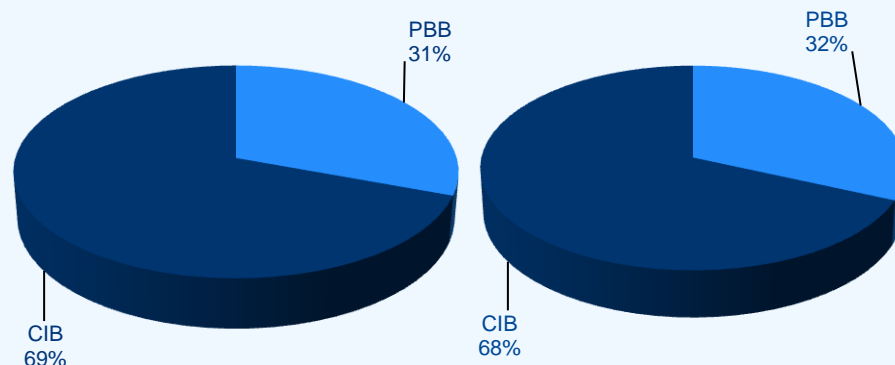
Non-performing loans by industry



Non-performing loans by business segment

September 2011

December 2010



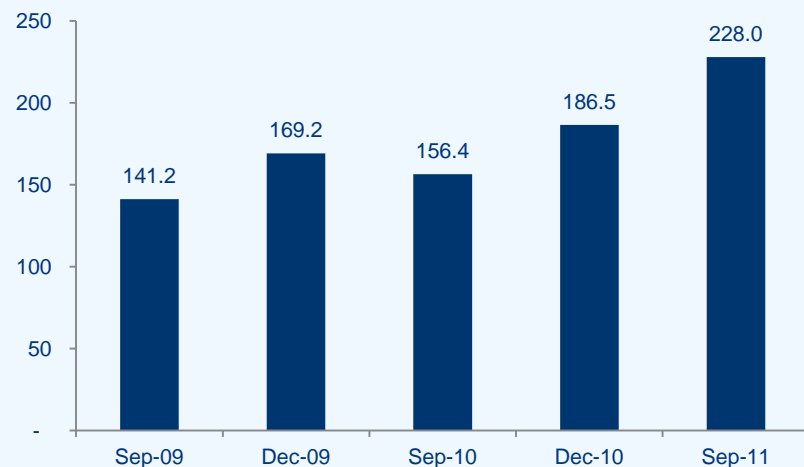
Comments

- Continued improvement in the ratio of non performing loans (NPL) to total loans from 7.6% at end December 2010 to 6.2% at end Q3 2011.
- The NPL is concentrated in the hands of the top 4 NPLs, accounting for 69% of total NPLs, while the top NPL represents 56% of total NPL. Resolution of the top NPL is continuing and is expected in the near future
- Continued improvement in credit collection capabilities and processes coupled with enhancement of credit systems to support exposure monitoring.

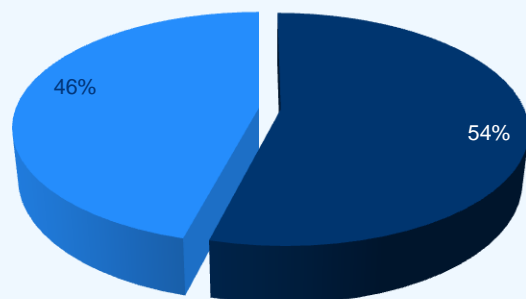
Balance sheet analysis: Deposits

Deposit liabilities

CAGR (Sep 09 – Sept 11): 13%
Nbillion

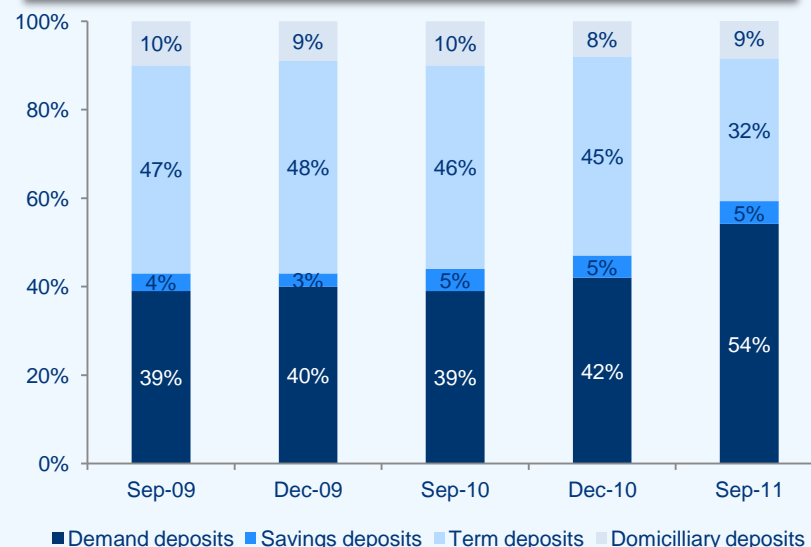


Deposit contribution by business unit



■ Corporate & Investment Banking (December 2010: 56%)
■ Personal & Business Banking (December 2010: 44%)

Breakdown of deposits

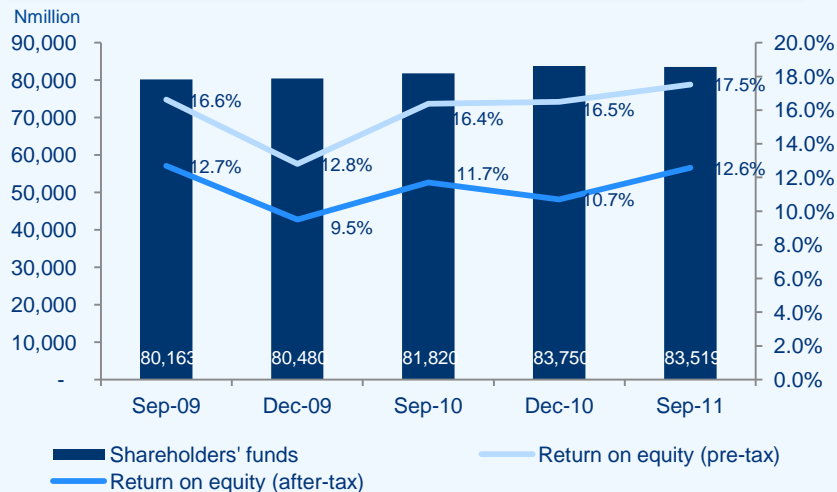


Comments

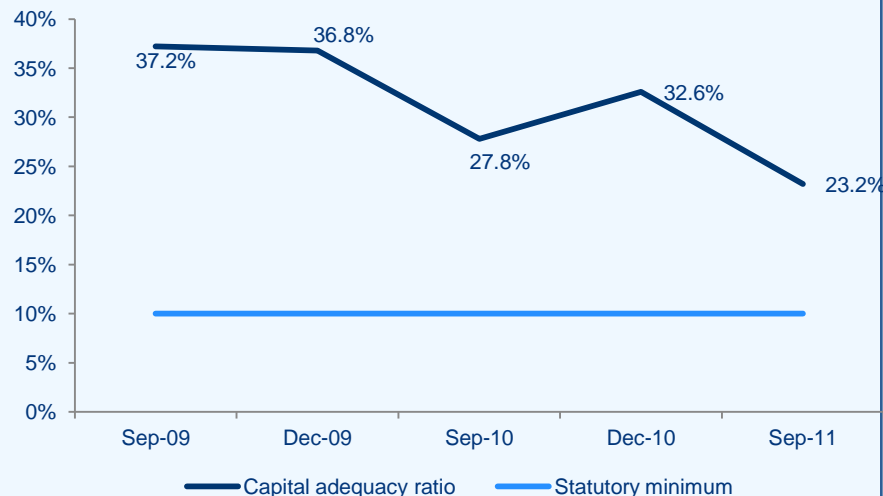
- Continued growth in deposit liabilities, despite exiting expensive funding in the second quarter of the year.
- Considerable improvement in deposit mix as evidenced by increase in low cost and stable deposit to total deposit ratio from 55% in Q4 2010 and H1 2011 to 68% in Q3 2011.
- Our on-going footprint expansion and service excellence has impacted positively on our deposit gathering capabilities.
- Continued improvement in PBB contribution to total deposits.
- Continue to leverage footprint to fully improve deposit mix.

Capital and funding

Shareholders' funds and ROE

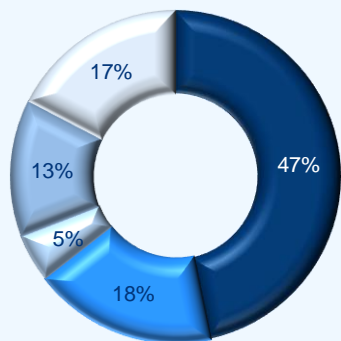


Capital adequacy

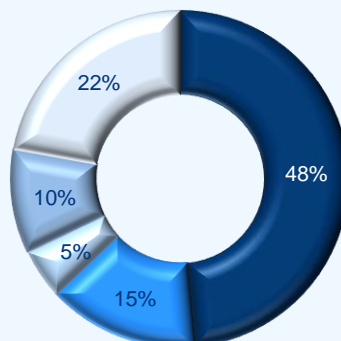


Funding mix

September 2011



December 2010



■ Deposits ■ Due to other banks ■ Borrowing ■ Other liabilities ■ Equity

Comments

- Strong capital adequacy ratio of 23%, despite footprint expansion and business growth, which is more than twice the statutory minimum.
- Reduction in capital adequacy driven by large dividend payment in June 2011.
- Stable source of funding to exploit market opportunities, as total assets was funded chiefly from deposit liabilities.
- Strong liquidity position, with liquidity ratio of 53.8% as at end Q3 2011, which is above the 30% regulatory minimum.
- Year-on-year improvement in ROE.

Business segment performance review

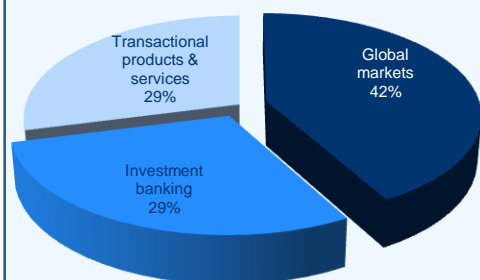


Corporate and Investment Banking

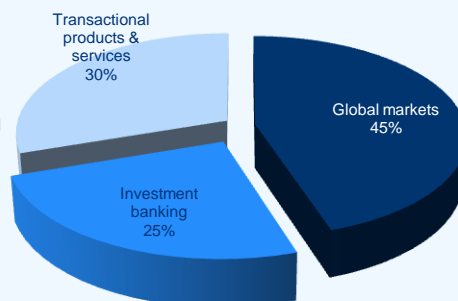
	September 2011 Nmillion	change %	September 2010 Nmillion
Net interest income	12,581	(15)	14,811
Non-interest revenue	9,590	53	6,288
Total income	22,171	5	21,099
Credit impairment charges	690	78	388
Operating expenses	(10,712)	(10)	(11,910)
Profit before tax	12,149	27	9,577
Net interest margin (%)	5.4		8.7
Cost-to-income ratio (%)	48.3		56.4
	September 2011		December 2010
Gross loans and advances (Nmillion)	158,276	22	129,807
Deposits liabilities (Nmillion)	123,540	19	104,222
NPL/total loan ratio (%)	6.7		7.5

Contribution to total income by business unit

September 2011



September 2010



Comments

- Total income benefitted from growth in transaction volumes and activities, significant increase in trading revenue and growing loan book but was somewhat moderated by reduced contribution by interbank activities.
- The bearish trend in the capital market in the last two quarters of 2011 negatively impacted revenues
- Credit impairments impacted positively by recoveries due to improved asset quality
- Increased contribution from investment banking to total revenue

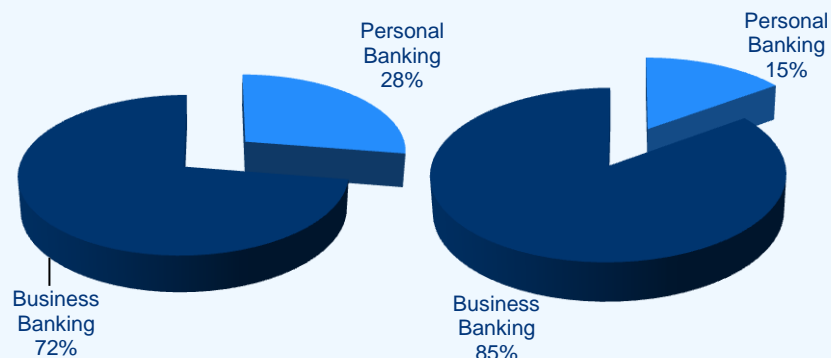
Personal and Business Banking

	September 2011 Nmillion	change %	Restated September 2010 Nmillion
Net interest income	9,574	88	5,089
Non-interest revenue	3,871	22	3,174
Total income	13,445	63	8,263
Credit impairment charges	(1,841)	>100	(758)
Operating expenses	(16,980)	80	(9,430)
Loss before tax	(5,376)	>(100)	(1,925)
Net interest margins (%)	7.8		4.3
Cost-to-income ratio (%)	125.6		114.1
	September 2011		December 2010
Gross loans and advances (Nmillion)	88,396	54	57,335
Deposit liabilities (Nmillion)	104,476	27	82,224
NPL to total loan ratio (%)	5.3		7.9

Contribution to total income by business unit

September 2011

September 2010



Comments

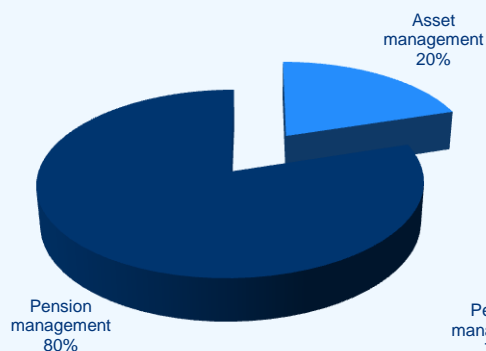
- Net interest income benefitted from better pricing of risk assets and lower cost of funding.
- Non-interest revenue increased on the back of growth in transactional volumes and activities, a function of our increased network and improving customer service.
- Improvement in asset quality as credit management and exposure monitoring continued to be a key business focus.
- Significant improvement in deposit mix
- Increased contribution by Personal banking to operating income

Wealth – Key financial performance

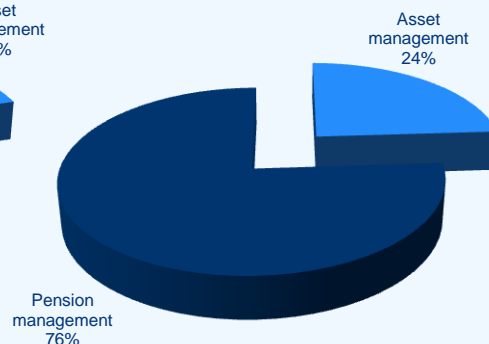
	September 2011 Nmillion	change %	September 2010 Nmillion
Net interest income	576	25	459
Non-interest revenue	6,762	26	5,377
Total income	7,338	26	5,836
Operating expenses	3,136	1	3,098
Profit before tax	4,202	53	2,738
Cost-to-income ratio (%)	42.7		53.1
	September 2011		December 2010
Assets under management (YTD) (Nbillion)	662.2	14	580.2
Retirement savings accounts (YTD)	914,589	9	835,298

Contribution to total income by business unit

September 2011



September 2010



Comments

- Continued growth in revenues, assets under management and number of retirement savings accounts.
- Continued focus on operational efficiencies, as evidenced by reduction in cost to income ratio.
- Reduced contribution by the Asset Management arm of our wealth businesses to total income as a result of the bearish performance of the capital market in the last two quarter of 2011.

Strategy and prospects

Sola David-Borha

CEO



Key strategic imperatives

Core strategy to build a scalable domestic universal banking franchise remains unchanged.

- Continue to build the Stanbic IBTC brand synonymous with integrity, excellent service and reliability.
- Provide our clients with end-to-end financial solutions to meet their banking, financing and wealth management needs.
- Capitalise on and maintain our market leadership position in Investment banking, Stock broking, Custody & Wealth Management.
- Leverage our new footprint to expand our share of wallet within Personal & Business Banking with a key focus to improve our deposit mix.
- Financial inclusion – Use mobile banking license and Non-interest banking window to expand customer base and market share.
- Enhance operational efficiency through cost management & control – shared services, core banking project.
- Leverage technology to grow our cash management capabilities and broaden our market penetration.
- Focus on trade & commercial banking to further grow our annuity income.
- Leverage the China and emerging market franchise of Standard Bank to capture cross-border opportunities.
- Best people practices.

Prospects – Q4 2011

- We expect a more challenging operating environment in the last quarter of the year due to monetary policy tightening, with the attendant risk of margin compression and increased loan delinquency industry wide.
- However, our robust credit risk management processes and practices coupled with our expanded network as a source of cheaper liabilities will assist in alleviating these risks.
- We therefore expect:
 - Margins to be squeezed as the full impact of CBN's monetary tightening is felt.
 - Risk asset and deposit growth of 30-35% YoY.
 - Cost to income ratio to stabilise.
 - Our Wealth businesses to continue to be leading players in both the pension and non-pension fund management areas.
- We remain cautiously optimistic in respect of Q4 2011.

Prospects

- Strategically, we are well positioned for growth:
 - Strong capital base to support planned growth and take advantage of business opportunities;
 - Existing Enterprise Risk Management framework;
 - Market leader in investment banking and wealth business;
 - Talented people – local and international professionals;
 - Robust corporate governance structure and culture;
 - Achieved critical mass in respect of our footprint and now have representation in all the 36 states;
 - Recognised as a customer service leader in the market;
 - Strong parentage - member of Africa's largest bank; and
 - Technology base that can deliver efficiency and service enhancement.

Q & A